

September 12, 2016

Honorable Jeb Hensarling
Chairman
Financial Services Committee
Rayburn HOB 2129
Washington, D.C. 20515

Honorable Maxine Waters
Ranking Member
Financial Services Committee
Thomas P. O'Neill 4340
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

As the House Financial Services Committee moves forward with H.R. 5983, the Financial CHOICE Act, the Retail Industry Leaders Association (RILA) is urging every Member of the Committee to vote against the underlying legislation because of the inclusion of Section 335. Section 335 seeks to fully repeal the important debit reforms contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act—more commonly known as the Durbin Amendment—and is nothing more than a gift to the largest banks in the country.

RILA is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs, and more than 100,000 stores, manufacturing facilities, and distribution centers domestically and abroad.

The facts being presented by the banking community for the inclusion of Section 335—especially those coming from Wall Street—simply do not add up. It is important to remember the Durbin Amendment only covers banks with more than \$10 billion in assets, which means 98.6% of financial institutions in this country do not have to comply with the swipe fee reforms.

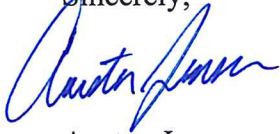
There has also been a false argument that the Durbin Amendment would harm smaller banks. The recent study by the Philadelphia Federal Reserve in the first quarter of 2016 indicated that after the debit reforms went into place, “the volume of transactions conducted with cards issued by exempt banks grew faster than it did for large banks.” The study concluded, “The evidence does not support the claim that competitive forces have effectively imposed the interchange fee ceiling on small banks.”

The banks have also claimed that the Durbin Amendment has resulted in consumers losing the benefit of free checking. However, the American Bankers Association's (ABA) own study shows more Americans have free checking today than they did before the Durbin Amendment passed. In 2010, the ABA reported that 53% of consumers had free checking compared and in 2015, that number rose 61%.

Repealing these reforms would remove competition and transparency from the marketplace and provide banks the ability to drastically raise fees—ultimately hurting businesses of all sizes.

RILA implores the Committee to listen to the voices of merchants back home in your district and understand swipe fee costs are not negotiable and second only to payroll for most businesses. Repealing the Durbin Amendment would give more control to the duopoly of Visa and MasterCard and additional revenue to the largest banks on the backs of Main Street retailers. For these reasons, RILA strongly urges Members of the Committee to vote NO on the Financial CHOICE Act.

Sincerely,



Austen Jensen
Vice President,
Government Affairs

CC: Members of the House Financial Services Committee